

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

ATMOS ENERGY CORPORATION

ex parte

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)
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DOCKET NO. U-XXXXX

*In Re: Application of Atmos Energy Corporation for Renewal of Rate Stabilization Clause
Rider*

DIRECT TESTIMONY

OF

BRIAN FRANCIS

FEBRUARY 2, 2026

SUBMITTED ON BEHALF OF

ATMOS ENERGY CORPORATION

LPSC Docket U-_____
Petition of Atmos Energy
Pre-Filed Testimony of Brian Francis

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PRE-FILED TESTIMONY OF BRIAN FRANCIS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Brian W. Francis. I am Vice President of Rates and Regulatory Affairs for the Louisiana Division of Atmos Energy Corporation (“Atmos Energy” or the “Company”). My business address is 450 Laurel Street, Suite 2000, Baton Rouge, Louisiana 70801.

Q. PLEASE BRIEFLY DESCRIBE YOUR CURRENT RESPONSIBILITIES, AS WELL AS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I am responsible for all rate and regulatory matters in Louisiana. I have spent the last ten years working for utility companies in Louisiana and participating in proceedings before the Louisiana Public Service Commission (“LPSC” or the “Commission”). I have broad experience across multiple aspects of utility operations including traditional ratemaking, designing and implementing formula rate plans, calculating revenue requirements, and Purchased Gas Adjustment filings to name a few. I am an expert in the utility ratemaking, financial management and strategic planning areas. I earned my MBA from Lake Forest Graduate School of Management and hold a bachelor's degree in business administration from Eureka College. I am a Certified Public Accountant.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE LPSC?

A. Yes. I have testified in various dockets on behalf of Utilities, Inc. of Louisiana and Baton Rouge Water Company.

1 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

2 A. I am testifying on behalf of Atmos Energy.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

4 A. My testimony supports the renewal of Rate Stabilization Clause (“RSC”) for an additional
5 term commencing with the Company’s December 31, 2026 test year and extending through
6 the December 31, 2028 test year, with all material provisions left unchanged. I describe the
7 Company’s operations, provide an overview of this filing, and introduce other witnesses
8 who are filing direct testimony in support of the Company’s request for renewal of its RSC.

9 **Q. HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR**
10 **TESTIMONY?**

11 A. Yes. A redline and clean version of the Company’s proposed renewed and extended RSC
12 is included with my testimony as Exhibit BWF-01.

13 **II. COMPANY OVERVIEW**

14 **Q. CAN YOU PROVIDE A GENERAL DESCRIPTION OF ATMOS ENERGY’S**
15 **NATURAL GAS DISTRIBUTION BUSINESS?**

16 A. Yes. Atmos Energy’s vision is to be the safest provider of natural gas services. As part of
17 our vision, we are modernizing our infrastructure while continuing to invest in safety,
18 reliability, resiliency, innovation, environmental sustainability, and our communities.
19 Atmos Energy is proud to deliver natural gas to more than 3.4 million distribution
20 customers in over 1,400 communities across eight states, including approximately 363,000
21 customers¹. In 2025, we were recognized by our customers for providing exceptional

¹ Atmos Energy provides natural gas service through six unincorporated gas utility operating divisions managed from Baton Rouge, Louisiana (the Louisiana Division); Flowood, Mississippi (the Mississippi Division); Dallas, Texas (the Mid-Tex Division); Denver, Colorado (the Colorado/Kansas Division); Lubbock, Texas (the West Texas Division);

1 customer service when Atmos Energy was named #1 in Customer Satisfaction for
2 Residential Natural Gas Service in the South and Midwest by J.D. Power and named a
3 2025 Utility Customer Champion by Escalent. Atmos Energy currently employs
4 approximately 5,500 people.

5 **Q. CAN YOU PROVIDE A GENERAL DESCRIPTION OF THE OPERATIONS OF**
6 **ATMOS ENERGY IN LOUISIANA?**

7 A. Yes. In Louisiana, the Company's utility operations include almost 9,300 miles of
8 distribution main, serving approximately 270 communities across 49 of Louisiana's 64
9 Parishes. Please see Exhibit BWF-01 for a map of the Louisiana service area. The Company
10 serves over 363,000 Louisiana customers, with approximately 342,000 residential
11 customers and 21,000 commercial customers. The Company employs approximately 400
12 Louisiana-based employees and is headquartered in Baton Rouge, Louisiana.

13 **Q. PLEASE ELABORATE ON ATMOS ENERGY'S INVESTMENT IN LOUISIANA.**

14 A. Natural gas plays a vital role in supporting the local economy. In CY2025, Atmos Energy
15 invested more than \$212 million in the State of Louisiana, with more than 81.50 percent of
16 this investment spent to enhance the safety and reliability of our natural gas system. During
17 this time, we also surveyed approximately 7,487 miles of pipe in the state. This system

and Franklin, Tennessee and Owensboro, Kentucky (the Kentucky/Mid-States Division). In addition, Atmos Energy has an operating division, Atmos Pipeline – Texas ("APT"), which consists of a regulated intrastate pipeline that operates only within Texas.

Atmos Energy's corporate office, located in Dallas, Texas, provides services such as accounting, legal, human resources, rate administration, procurement, gas supply, information technology, and customer care. Customer support call centers are located in Amarillo and Waco, Texas. These centralized services, commonly referred to as Shared Services Unit ("SSU"), are shared by Atmos Energy's distribution operating divisions. By sharing these centralized services, the distribution operating divisions are able to avoid having to staff and maintain these functions at each division level. This structure also enables Atmos Energy to provide excellent customer service at a reasonable cost. Each of Atmos Energy's utility divisions has its own divisional office that is responsible for the other day-to-day operations of that division.

1 monitoring forms a vital link between system integrity and community safety as well as
2 environmental management.

3 Affordability is a critical consideration in the development of our investment plans,
4 and we work diligently to minimize the cost to execute and finance these investments. In
5 Louisiana, residential natural gas service is approximately half the cost compared to
6 electricity, and our customers' annualized bills remain the lowest among all monthly utility
7 bills including electricity, water, mobile phone, and cable/internet.

8 **Q. HOW ARE ATMOS ENERGY'S LOUISIANA DIVISION GAS SERVICE RATES**
9 **CURRENTLY SET?**

10 A. The Company's rates are dictated by the RSC adopted by the Commission in LPSC Order
11 No. U-36658, issued May 13, 2024. That rider is effective for the test years 2023, 2024,
12 and 2025. Atmos Energy now seeks renewal of the RSC with all material ratemaking
13 provisions left unchanged, so that rates continue to be set in a transparent and efficient
14 manner that protects customers and supports ongoing investments as described above to
15 provide safe, reliable, and resilient natural gas service. The only substantive change to the
16 language of the rider is an adjustment to the expected expenditures for the System Integrity
17 Investment Program ("SIIP") Category 1 projects to account for inflation, as described
18 further below and in the Direct Testimony of Company witness Eric Singletary.

19 **III. CURRENT RIDER RSC**

20 **Q. ARE YOU FAMILIAR WITH ATMOS ENERGY'S CURRENT RSC AND THE**
21 **COMPANY'S ANNUAL RSC CALCULATIONS AND ANNUAL REPORT**
22 **FILINGS MADE WITH THE COMMISSION?**

23 A. Yes. As Vice President of Rates and Regulatory Affairs for the Louisiana Division of Atmos

1 Energy Corporation, I oversee the preparation of the Company's RSC calculations and
2 Annual Report filings made with the Commission. The Commission's most recent earnings
3 review of the Company was implemented pursuant to Order No. U-37554, issued August
4 29, 2025.

5 **Q. PLEASE SUMMARIZE THE PROVISIONS OF ATMOS ENERGY'S CURRENT**
6 **RSC RIDER.**

7 A. Under the terms of the current RSC Rider, on or before March 31st of each year, the
8 Company is required to file an Annual Report showing earnings for the twelve months
9 ended December 31st of the preceding year (Test Year). Pursuant to Commission Order
10 No. U-36658, the RSC allows the Company to earn a midpoint Return on Equity ("ROE")
11 of 9.80 percent and requires a resetting of rates in the event that the test year ROE of the
12 Company falls outside of the prescribed bandwidth. The prescribed bandwidth for the
13 Company is currently twenty basis points above and below the allowed ROE, i.e., between
14 9.60 percent and 10.00 percent. If the Company's ROE falls within the bandwidth, no rate
15 adjustment is allowed. However, should the earned ROE fall outside the bandwidth, rates
16 are adjusted to achieve earnings at the midpoint ROE of 9.80 percent. Additionally, the
17 RSC Rider established that Atmos Energy shall not recover more than \$322 million from
18 its ratepayers through the SIIP, RSC, or any other recovery method over the three-year term
19 of the RSC for projects under the SIIP program defined as Category 1 - Risk based Specific
20 Safety Projects. Category 1 projects address safety hazards and Pipeline and New
21 Hazardous Materials Safety Administration ("PHMSA") requirements through preplanned
22 projects to PHMSA-identified risks that exist on Atmos Energy's system.

1 **Q. HOW LONG HAS THE CURRENT RSC BEEN IN PLACE?**

2 A. As stated earlier in my testimony, the current RSC was adopted by the Commission in
3 LPSC Order No. U-36658, issued May 13, 2024. The Company has filed Annual Reports
4 for the test years ended December 31st, 2023, and 2024. The Commission has reviewed
5 those Annual Reports and authorized the commensurate rate adjustments in Order No. U-
6 37185, issued August 28, 2024, and Order No. U-37554, issued August 29, 2025. The
7 Company will file the 2025 Annual Report, the final remaining test year of the three-year
8 term, on or before March 31, 2026.

9 **Q. HAS THE CURRENT RSC RIDER WORKED AS INTENDED?**

10 A. Yes, it has. The RSC is designed to facilitate prudent investment in infrastructure essential
11 for providing safe, reliable, and resilient natural gas service, while supporting rate stability
12 and reducing the costs of rate proceedings as compared to general rate cases. Atmos
13 Energy has been able to systematically make the investments needed in system integrity to
14 address risk on the system with extensive oversight from the Commission. The LPSC
15 retained Mr. Bill Barta of Henderson Ridge Consulting, Inc. to aid the Staff in its review
16 of the Company's Annual Report filings. In each Annual Report filing, the Company has
17 worked with Staff and Mr. Barta to provide timely responses to data requests and address
18 any questions. For both the 2023 and 2024 test year Annual Reports, Staff and Mr. Barta
19 have accepted the reports filed by the Company with no adjustments.

20 **Q. DOES THE COMPANY PROVIDE ANY CAPITAL INVESTMENT REPORTING**
21 **TO THE LPSC?**

22 A. Yes. Pursuant to Commission Order No. U-36658, Atmos Energy shall submit to the
23 Commission a variance report on the previous year's capital projects by March 31st. The

1 variance report is included within the RSC Annual Report, which is also due by March
2 31st. Additionally, the Company shall submit to the Commission by June 15th of the
3 calendar year a report listing the proposed SIIP projects for the calendar year (test year)
4 including detailed information regarding the safety need for each project and the budget
5 for each project.

6 **Q. DO YOU BELIEVE THE COMPANY'S CURRENT RSC IS IN THE PUBLIC**
7 **INTEREST?**

8 A. Yes. The RSC outlines a streamlined regulatory process that benefits customers by reducing
9 regulatory and legal costs while increasing the level and frequency of regulatory oversight.
10 Additionally, the annual revenue adjustments, if required, will be relatively small in
11 magnitude versus traditional rate cases, which customers should find easier to budget for
12 and manage. Finally, the annual revenue adjustments allow the Company to consistently
13 maintain a sound financial position, which facilitates safety driven infrastructure
14 improvements that enhances the safety, reliability, and resiliency of the distribution system
15 for all customers. In summary, the RSC provides a timely and efficient means
16 of establishing just and reasonable rates for natural gas service from Atmos Energy.

IV. PROPOSED RIDER RSC

1
2 **Q. PLEASE SUMMARIZE THE COMPANY'S PROPOSED EDITS TO ITS**
3 **CURRENT RIDER RSC.**

4 A. The Company is requesting a renewal and extension of the current RSC with an increase
5 to the investment amount for projects under the SIIP program identified as Category 1-
6 Risk based Safety Projects. Category 1 projects address safety hazards and Pipeline and
7 Hazardous Materials Safety Administration ("PHMSA") requirements through preplanned
8 projects to eliminate risks that exist on Atmos Energy's system. The Company is requesting
9 \$357,000,000 as the amount allowed for recovery of Category 1- Risk based Safety
10 Projects through the SIIP, RSC, or any other recovery method over the three-year term of
11 the proposed RSC for the Test Years 2026, 2027, and 2028. Company witness Mr. Eric
12 Singletary will provide more detailed information on the need for this investment.

13 **Q. ARE THERE ANY OTHER EDITS INCLUDED IN THE PROPOSED RSC RIDER?**

14 A. Yes. Please see Exhibit BWF-01, which includes some non-substantive edits.

15 **Q. WHY SHOULD THE COMMISSION RENEW AND EXTEND ATMOS ENERGY'S**
16 **RSC RIDER WITH THE MODIFICATIONS DISCUSSED ABOVE?**

17 A. The Commission should renew and extend the current RSC, including the modifications
18 discussed above, because the RSC benefits Louisiana ratepayers by providing a timely and
19 efficient means of establishing just and reasonable rates for natural gas service from Atmos
20 Energy.

21 **Q. PLEASE EXPLAIN.**

22 A. Atmos Energy's current RSC mechanism permits the Commission to annually review the
23 Company's infrastructure investments, costs, and revenues in a systematic and efficient

1 manner. The RSC permits annual adjustments to rates which benefits both the Company
2 and its customers so that the rates paid by customers accurately reflect the cost of providing
3 service, thereby facilitating the Company's ability to invest in the safety, reliability, and
4 resiliency of the system.

5 **Q. IS APPROVAL OF THE PROPOSED RSC RIDER IN THE PUBLIC INTEREST?**

6 A. Yes. For the reasons I've stated throughout my testimony, the Commission and the
7 Company have established that the RSC benefits Louisiana customers by providing an
8 effective means for the Company's rates to be timely updated to reflect increases and
9 decreases in the costs of providing safe, reliable, and resilient natural gas utility service.

10 **V. INTRODUCTION OF WITNESSES**

11 **Q. PLEASE PROVIDE AN OVERVIEW OF THE DIRECT TESTIMONY OF THE**
12 **OTHER WITNESSES PROVIDING TESTIMONY IN THIS PROCEEDING.**

13 A. **Eric Singletary**, Vice-President of Technical Services for the Louisiana Division, is
14 submitting testimony that provides a description of the current parameters in the RSC
15 regarding Atmos Energy Louisiana's System Integrity Investment Program and the
16 proposed change to the investment amount for Category 1 projects during the three-year
17 term of this RSC renewal.

18 **Matt Howard**, Director at ScottMadden, Inc., is submitting testimony in support of the
19 reasonableness of the Company's proposal to renew its RSC using the Return on Equity
20 and Capital Structure provisions authorized by this Commission in 2024 for the current
21 RSC.

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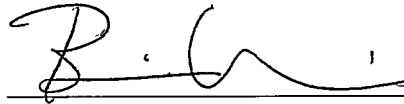
In Re: Application of Atmos Energy Corporation for Renewal of Rate Stabilization Clause Rider.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, Brian Francis, Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation – Louisiana Division, being duly sworn, do hereby state that all representations contained in Atmos Energy’s Application for renewal of Rate Stabilization Clause are true and accurate to the best of my knowledge, information, and belief.



Brian Francis
Vice President, Rates and Regulatory Affairs,
Atmos Energy, Louisiana Division

Sworn and subscribed to before me this 14 day of February, 2026.

NOTARY PUBLIC

My Commission expires: _____

JAMES MORGAN FIELD III
NOTARY PUBLIC ID.# 132135
STATE OF LOUISIANA
MY COMMISSION IS FOR LIFE

